

PERTH AND KINROSS COUNCIL**Audit Committee****28 September 2016****DRAFT AUDITED ANNUAL ACCOUNTS 2015/16 AND
DRAFT 2015/16 ANNUAL AUDIT REPORT TO MEMBERS AND THE
CONTROLLER OF AUDIT****Report by the Head of Finance****PURPOSE OF REPORT**

This report presents the Council's Draft Audited Annual Accounts for the financial year 2015/16 in accordance with the Local Authority Accounts (Scotland) Regulations 2014 and includes the Draft 2015/16 Annual Report to Members and the Controller of Audit. The report also provides an update on the Council's new external auditors from financial year 2016/17.

1. BACKGROUND

- 1.1. The Unaudited Annual Accounts for 2015/16 were considered by the Audit Committee on 29 June 2016 (Report No. 16/320 refers) which authorised the Head of Finance to sign the Accounts and submit them to Audit Scotland by the statutory deadline of 30 June 2016.
- 1.2. The Annual Accounts are prepared in accordance with the 2015/16 CIPFA Code of Practice on Local Authority Accounting ("the Code").
- 1.3. These accounts also comply with the Local Authority Accounts (Scotland) Regulations 2014 which revoked the Local Authority Accounts (Scotland) Regulations 1985.
- 1.4. The Unaudited Annual Accounts were available for public inspection between 30 June and 20 July (inclusive). Audit Scotland, the Council's external auditors, received no objections during this period.

2. ANNUAL ACCOUNTS 2015/16

- 2.1 The audit of the Annual Accounts took place between July and early September 2016 during which time Audit Scotland considered whether the 2015/16 Annual Accounts:
 - Gave a true and fair view, in accordance with applicable law and the 2015/16 Code, of the state of the affairs of the group and the Council

as at 31 March 2016 and of the income and expenditure of the group and the Council for the year then ended;

- Had been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union, as interpreted and adapted by the 2015/16 Code; and
- Had been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973 and the Local Government in Scotland Act 2003.

2.2 Audit Scotland's findings are set out in the Draft 2015/16 Annual Audit Report to Members and the Controller of Audit and covering memo which are set out in Appendix 1 to this Committee report. The findings to be reported under ISA260: Report to those Charged with Governance are also included. A Letter of Representation is included in their covering memo. The Draft 2015/16 Annual Audit Report to Members and the Controller of Audit also includes the findings in relation to Perth and Kinross Charitable Trusts which were distributed separately to Trustees.

2.3 The key messages from the 2015/16 audit are set out under five themes on pages 3 and 4 of Appendix 1 and are summarised as follows:

- Unqualified auditor's report on the 2015/16 Perth and Kinross Council financial statements.
- The Council has a strong financial position.
- The Council has effective, overarching and supporting governance arrangements which provide an appropriate framework for organisational decision making.
- Systems of internal control operated effectively during the year.
- The Council has a strong track record of partnership working.
- There is a strong focus on performance management and a sound framework for monitoring and reporting performance against Council priorities.
- The Council has a robust approach to public performance reporting.
- Along with other Councils, Perth and Kinross Council faces rising demand for services and continued funding pressures.

2.4 At this time the 2015/16 Annual Accounts remain unsigned. Approval of the Accounts at today's meeting will provide authorisation for the Leader of the Council, the Chief Executive and the Head of Finance to sign them. Once signed the Accounts will be passed to Audit Scotland so that they may issue their opinion in the form of an audit certificate.

2.5 It is anticipated that the final 2015/16 Annual Audit Report to Members and the Controller of Audit will be issued by Audit Scotland following completion of the final accounts process. The final Report and the signed Audited Annual Accounts for 2015/16 will be considered by the Council on 5 October 2016.

- 2.6 The Draft Audited Accounts (unsigned) are attached to this report at Appendix 2.

3. ANNUAL ACCOUNTS 2016/17

- 3.1 The Council has received confirmation from Audit Scotland that, following the recent audit tender exercise on behalf of the Accounts Commission, KPMG have been appointed as its external auditors for financial years 2016/17 to 2020/21.

4. CONCLUSION AND RECOMMENDATIONS

- 4.1 The External Audit findings on the 2015/16 Audit are set out in the Draft 2015/16 Annual Audit Report to Members and the Controller of Audit which is attached Appendix 1 to this report. The Unaudited Annual Accounts were submitted to Audit Scotland on 29 June 2016.
- 4.2 It is recommended that the Committee:
- i. Notes the contents of Audit Scotland's Draft 2015/16 Annual Audit Report to Members and the Controller of Audit and covering memo.
 - ii. Approves the 2015/16 Annual Accounts and authorises the Leader of the Council, the Chief Executive and the Head of Finance to sign them.
 - iii. Notes the appointment of KPMG as the Council's external auditors for financial years 2016/17 to 2020/21.

Author(s)

Name	Designation	Contact Details
Scott Walker	Chief Accountant	committee@pkc.gov.uk 01738 475515
Alison O'Brien	Corporate Accounting Manager	committee@pkc.gov.uk 01738 475516

Approved

Name	Designation	Date
John Symon	Head of Finance	21 September 2016

If you or someone you know would like a copy of this document in another language or format, (on occasion, only a summary of the document will be provided in translation), this can be arranged by contacting the Customer Service Centre on 01738 475000.

You can also send us a text message on 07824 498145.
All Council Services can offer a telephone translation facility.

ANNEX

1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	Yes / None
Community Plan / Single Outcome Agreement	None
Corporate Plan	Yes
Resource Implications	
Financial	Yes
Workforce	Yes
Asset Management (land, property, IST)	Yes
Assessments	
Equality Impact Assessment	Yes
Strategic Environmental Assessment	Yes
Sustainability (community, economic, environmental)	Yes
Legal and Governance	None
Risk	None
Consultation	
Internal	Yes
External	None
Communication	
Communications Plan	None

1. Strategic Implications

1.1. Corporate Plan

1.1.1. The Council's Corporate Plan 2013 – 2018 lays out five outcome focussed strategic objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:

- (i) Giving every child the best start in life;
- (ii) Developing educated, responsible and informed citizens;
- (iii) Promoting a prosperous, inclusive and sustainable economy;
- (iv) Supporting people to lead independent, healthy and active lives; and
- (v) Creating a safe and sustainable place for future generations.

1.1.2 This report relates to all of these objectives.

2. Resource Implications

2.1. Financial

2.1.1. There are no direct financial implications arising from this report other than those reported within the body of the main report.

2.2. Workforce

- 2.2.1. There are no direct workforce implications arising from this report other than those reported within the body of the main report.

2.3. Asset Management (land, property, IT)

- 2.3.1. There are no direct asset management implications arising from this report other than those reported within the body of the main report.

3. **Assessments**

3.1. Equality Impact Assessment

- 3.1.1. Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.
- 3.1.2. The information contained within this report has been considered under the Corporate Equalities Impact Assessment process (EqIA) and has been assessed as **not relevant** for the purposes of EqIA.

3.2 Strategic Environmental Assessment

- 3.2.1 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.
- 3.2.2 The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

3.3 Sustainability

- 3.3.1 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. In terms of the Climate Change Act, the Council has a general duty to demonstrate its commitment to sustainability and the community, environmental and economic impacts of its actions.
- 3.3.2 The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

4. Consultation

4.1 Internal

- 4.1.1 The Chief Executive and all Directors have been consulted in the preparation of this report.

2. BACKGROUND PAPERS

- 2.1 No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.

3. APPENDICES

Appendix 1 – Audit Scotland’s Draft 2015/16 Annual Audit Report to Members and the Controller of Audit

Appendix 2 – 2015/16 Audited Annual Accounts (Unsigned)